

# **PUBLIC DISCLOSURE**

February 8, 2016

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Signature Bank  
Certificate Number: 57053

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New York, New York 10017

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
New York Regional Office

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Suite 1200  
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated High Satisfactory.**

- Signature Bank's (Signature) lending levels reflect good responsiveness to assessment area credit needs.
- Signature made an adequate percentage of loans within its assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among business customers of different sizes.
- Signature is a leader in making community development loans.
- Signature makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

**The Investment Test is rated Low Satisfactory.**

- The bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- Signature exhibits good responsiveness to credit and community economic needs.
- The institution makes significant use of innovative and/or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Signature provides a relatively high level of community development services.
- Delivery systems are reasonably accessible to essentially all portions of the assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income geographies or individuals.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated October 25, 2012, to the current evaluation dated February 8, 2016. Examiners used the Interagency Large Bank CRA Examination Procedures to evaluate Signature's Community Reinvestment Act (CRA) performance. These procedures consist of the Lending, Investment, and Service Tests.

The Lending Test includes the following criteria:

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative or flexible lending practices
- Community development lending

The Investment Test includes the following criteria:

- Investment activity
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test includes the following criteria:

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

### **Loan Products Reviewed**

Examiners analyzed Signature's CRA performance using small business and home mortgage loans, as these loan types represent the bank's major product lines. Since small farm and consumer lending do not represent major product lines, they did not affect the rating and examiners did not present them in the evaluation.

Small business loans include loans and credit lines with original amounts of \$1 million or less that the bank categorized as secured by nonfarm nonresidential property or as commercial and industrial loans. The evaluation used the small business lending data recorded on the bank's 2014 and 2015 CRA Small Business Loan Registers, which also included loans purchased by the bank. In addition, the bank elected to include the small business loans originated or purchased by its affiliate, Signature Financial, LLC. Although the CRA examination procedures prohibit the consideration of affiliate lending in the Assessment Area Concentration criterion, the evaluation includes the affiliate loans in the Geographic Distribution and Borrower Profile criteria. The evaluation used 2010 U.S. Census data, 2014 and 2015 demographic data (D&B

data), and 2014 aggregate small business data for comparison purposes. Aggregate small business data for 2015 was not yet available.

Home mortgage loans include residential loans subject to the Home Mortgage Disclosure Act's (HMDA) data reporting requirements. The HMDA-reportable loans include home purchase and home improvement loans, including refinancings, on 1-4 family and multifamily (five or more units) properties. In addition to its HMDA-reportable loans, the bank extends credit in the form of Modification, Extension, and Consolidation Agreements (MECAs). Although MECAs are not HMDA reportable, the CRA examination procedures permit examiners to include these credits in the CRA evaluation. Therefore, these MECAs were also included in the evaluation for 2014 and 2015. The evaluation separately analyzes and presents multifamily loans given the high volume of multifamily loans extended by the bank. The evaluation used 2010 U.S. Census data and 2014 aggregate HMDA data for comparison purposes. Aggregate HMDA data for 2015 was not yet available.

Examiners used full-scope procedures for the bank's New York and Connecticut assessment areas. However, the evaluation placed significantly more emphasis on Signature's activity in its New York assessment area, as that area includes most of the bank's office network. Furthermore, the bank only recently established its Connecticut assessment area.

For the Lending Test, the evaluation placed more emphasis on the multifamily loans and small business loans in assigning the ratings based upon origination volume and discussions with bank management. Given the small volume of 1-4 family loans, the evaluation placed less emphasis on those loans.

The CRA evaluation also reviewed the bank's community development loans, investments, and services for the period since the previous CRA evaluation dated October 25, 2012. Qualified investments included new investments and grants, as well as qualified investments from the prior evaluation still held by the bank.

## DESCRIPTION OF INSTITUTION

### **Background**

Signature Bank (Signature) is a \$33.5 billion financial institution headquartered in New York, New York. The institution focuses on serving the needs of privately owned businesses. Signature has no holding company. Signature has the following active subsidiaries:

- *Signature Securities Group Corporation* - A licensed broker dealer and investment adviser that offers investment, brokerage, wealth management, and insurance products and services.
- *Signature Financial, LLC* - A specialty finance company that provides equipment finance and leasing, transportation financing, and taxi medallion financing.
- *Tandem CDE, Inc.* – This entity purchases low-income housing tax credits.
- *Signature Public Funding Corp.* - This entity provides municipal finance and tax-exempt lending and leasing products to governmental and municipal entities.
- *Signature Preferred Capital, Inc.* - A Real Estate Investment Trust engaged in the investment of mortgages on real property and mortgage-backed securities.

The FDIC last evaluated Signature's CRA performance as of October 25, 2012, and assigned a "Satisfactory" rating using the Interagency Large Bank CRA Examination Procedures.

### **Operations**

Including its main office, the bank operates 29 full-service offices and 2 limited-service client accommodation offices. Of the 31 locations, 30 are in New York and 1 is in Connecticut. The largest concentration of offices are in New York County (10 offices or 32.3 percent of total offices) and Kings County (4 offices or 12.9 percent of total offices). Automated teller machines (ATMs) are located at 11 of the bank's offices. Since the last performance evaluation, the bank opened four offices, including three in New York and one in Connecticut. In addition, Signature relocated two offices. The bank did not engage in any merger or acquisition activities since the prior performance evaluation.

Signature offers a variety of business and personal banking products and services. The bank offers commercial real estate and non-real estate loans, loans secured by 1-4 family and multifamily residential real estate, consumer loans, and construction loans. (As of January 2016, the bank ceased originating loans secured by 1-4 family properties to individuals.) Signature also creates pools of government-guaranteed Small Business Administration (SBA) loans for sale to other banks, pension funds, credit unions, and insurance companies. Deposit products include checking and money market deposit accounts. Alternative banking services include remote deposit capture for business accounts.

### **Ability and Capacity**

Assets totaled approximately \$33.5 billion as of December 31, 2015, and included total loans of \$24.1 billion and securities of \$8.3 billion. Total assets increased significantly between performance evaluations, driven primarily by loan growth. Specifically, total loans increased 162.0 percent from \$9.2 billion as of September 30, 2012, to \$24.1 billion as of December 31, 2015.

The following table shows the distribution of Signature's loan portfolio:

<b>Loan Portfolio Distribution as of 12/31/15</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	86,195	0.3
Secured by Farmland	0	0
1-4 Family Residential	704,688	2.9
Multifamily (5 or more) Residential	11,823,073	48.8
Commercial Real Estate	6,956,109	28.7
<b>Total Real Estate Loans</b>	<b>19,570,065</b>	<b>80.7</b>
Commercial and Industrial	3,907,324	16.1
Agricultural	0	0
Consumer	159,374	0.7
Other	656,877	2.7
Less: Unearned Income	(44,718)	(0.2)
<b>Total Loans</b>	<b>24,248,922</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income (Call Reports)</i>		

Examiners did not identify any financial, legal, or other impediments that impact the bank's ability to meet its assessment areas' credit needs.



## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Signature designated two assessment areas:

- 1) New York: This assessment area includes Bronx, Kings, New York, Queens, Richmond, and Westchester Counties in the New York-Jersey City-White Plains, New York-New Jersey Metropolitan Division (MD) #35614; and Nassau and Suffolk Counties in the Nassau County-Suffolk County, New York MD #35004. Since MD #35614 and #35004 are part of the larger New York-Newark-Jersey City, New York-New Jersey-Pennsylvania Metropolitan Statistical Area (MSA) #35620, the evaluation presents the two metropolitan areas as one assessment area.

This assessment area is comprised of 2,998 census tracts, including 2,391 tracts in MD #35614 and 607 tracts in MD #35004. The bank operates 28 offices in the area, including 21 offices in MD #35614 and 7 offices in MD #35004.

- 2) Connecticut: This assessment area includes Fairfield County in the Bridgeport-Stamford-Norwalk, Connecticut MSA #14860. The bank added this assessment area following its opening of a branch office in Greenwich, Connecticut, in 2015.

This assessment area is comprised of 210 census tracts. The bank operates the one branch office in Greenwich, Connecticut.

### **Economic and Demographic Data**

The combined assessment area includes 3,208 census tracts with the following income designations:

- 387 low-income tracts,
- 794 moderate-income tracts,
- 1,121 middle-income tracts,
- 827 upper-income tracts, and
- 79 census tracts with no income designation.

The following table presents select demographic data for the combined assessment area:

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3,208	12.1	24.7	34.9	25.8	2.5
Population by Geography	12,873,957	13.5	26.7	33.5	26.1	0.2
Housing Units by Geography	5,101,459	12.3	25.6	33.1	29.0	0.0
Owner-Occupied Units by Geography	2,224,288	2.9	16.1	43.3	37.7	0.0
Occupied Rental Units by Geography	2,438,660	21.0	34.2	24.1	20.7	0.0
Vacant Units by Geography	438,511	11.7	26.4	30.6	31.3	0.0
Businesses by Geography	941,835	7.6	18.9	32.8	39.0	1.7
Family Distribution by Income Level	3,025,304	26.7	17.0	18.4	37.9	0.0
Household Distribution by Income Level	4,662,948	28.4	15.4	16.7	39.5	0.0
Weighted Average of MFI Tracts (2010 Census)		\$ 82,840	Median Housing Value			\$530,287
Weighted Average MFI of MSA for 2014		\$ 78,204	Median Gross Rent			\$1,154
Weighted Average MFI of MSA for 2015		\$ 80,803	Families Below Poverty Level			11.6%
Source: 2010 U.S. Census, Median Family Income (MFI). 2015 D&B data, (*) The NA category consists of geographies that have not been assigned an income classification.						

There are 5.1 million housing units in the combined assessment area. Of these units, 43.6 percent are owner-occupied, 47.8 percent are occupied rental units, and 8.6 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the table above, only 2.9 percent of the assessment areas' owner-occupied housing units are in the low-income tracts, which means opportunities for home mortgage lending in those census tracts is somewhat limited. However, over half the occupied rental units are in the low- and moderate-income areas, including 21.0 percent in the low- and 34.2 percent in the moderate-income tracts, which presents comparatively greater opportunities in those areas for making loans secured by multifamily properties.

Examiners used the 2014 and 2015 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following tables present the low-, moderate-, middle-, and upper-income categories by MD:

<b>Median Family Income Ranges New York-Jersey City-White Plains, NY-NJ MD #35614</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2014 (\$68,900)	<\$34,450	\$34,450 to <\$55,120	\$55,120 to <\$82,680	≥\$82,680
2015 (\$71,300)	<\$35,650	\$35,650 to <\$57,040	\$57,040 to <\$85,560	≥\$85,560
<i>Source: FFIEC</i>				

<b>Median Family Income Ranges Nassau County-Suffolk County, NY MD #35004</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2014 (\$105,100)	<\$52,550	\$52,550 to <\$84,080	\$84,080 to <\$126,120	≥\$126,120
2015 (\$109,000)	<\$54,500	\$54,500 to <\$87,200	\$87,200 to <\$130,800	≥\$130,800
<i>Source: FFIEC</i>				

<b>Median Family Income Ranges</b> <b>Bridgeport-Stamford-Norwalk, CT MD #14860</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2015 (\$107,500)	<\$53,750	\$53,750 to <\$86,000	\$86,000 to <\$129,000	≥\$129,000
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of the bank's small business loans to the distribution of businesses by gross annual revenue level. According to 2015 D&B data, there are 941,835 non-farm businesses in the combined assessment area. Detailed below are the gross annual revenues for these businesses:

- 78.5 percent reported gross annual revenues of \$1 million or less
- 5.9 percent reported gross annual revenues of more than \$1 million
- 15.6 percent have unknown revenues

### **Competition**

Signature operates within a highly competitive market for deposits and loans. According to the June 30, 2015 FDIC Summary of Deposits data, there were 144 financial institutions operating 3,473 branch offices within the combined assessment area. Signature ranked eleventh among the 144 financial institutions with a 1.9 percent deposit market share in the combined assessment area. The market leaders were primarily large national banks with numerous offices throughout the metropolitan areas, including JP Morgan Chase Bank, N.A.; The Bank of New York Mellon; HSBC Bank USA, N.A.; Citibank, N.A.; and Bank of America, N.A.

Based on 2014 HMDA aggregate data, the competition for home mortgage loans in the combined assessment area is intense. During 2014, 689 lenders originated or purchased 141,173 loans totaling over \$70.8 billion within the assessment area. Wells Fargo Bank was the market leader in terms of number of loans with 19,219 loans, for a 13.6 percent market share. The 2014 HMDA aggregate data also shows that 150 lenders reported 3,203 multifamily housing loans totaling \$12.8 billion in the assessment area. JP Morgan Chase Bank, N.A. was the market leader, originating or purchasing 548 loans secured by multifamily housing with a 17.1 percent market share.

The area is also a competitive market for small business loans. In 2014, 241 lenders reported 317,871 small business loans in the combined assessment area. American Express was the market leader in terms of number of loans with 112,563 loans, for a 35.4 market share.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test evaluated the institution's record of helping to meet the credit needs of its assessment areas by considering its small business, 1-4 family and multifamily residential mortgages (including HMDA reportable and MECA transactions), and community development lending. Examiners evaluated Signature's lending performance under the following criteria:

- lending activity;
- assessment area concentration;
- geographic distribution;
- borrower profile;
- innovative or flexible lending practices;
- community development lending.

Signature's performance in its New York assessment area contributed most to the ratings for each of the performance criteria in the Lending Test. For detailed comments regarding the bank's performance in each of the performance criteria, refer to the separate assessment area discussions within this evaluation.

#### **Lending Activity**

Signature's lending levels reflect good responsiveness to assessment area credit needs. During the evaluation period, Signature originated and purchased 1,937 loans totaling \$5.5 billion within its combined assessment area. Lending activity included small business loans, 1-4 family loans, and multifamily loans. In addition, the bank extended \$3.7 billion in community development loans, much of which supported affordable housing. The bank's affiliate also originated or purchased a substantial volume of loans.

Signature is an active lender in its New York assessment area, and had good market rankings in 2014 for its HMDA- reportable multifamily lending and its small business lending. The bank also provided a substantial volume of multifamily property financing in the New York assessment area through MECA transactions. Signature only recently added the Connecticut assessment area, so it had a significantly lower volume of loans in that area.

#### **Assessment Area Concentration**

Signature made an adequate percentage of loans within its assessment areas. In accordance with the CRA examination procedures, this performance criterion considered only the bank's loans, and did not include loans originated or purchased by its affiliate.

As shown in the following table, 77.0 percent of the bank's loans by dollar volume were within its assessment area. However, the bank originated or purchased just 41.7 percent of its loans by number inside the assessment area. The bank's strategy of purchasing portions of small business loans guaranteed by the SBA, then securitizing these loans for sale into the secondary market, skews the data and is directly responsible for the bank's number of loans in its assessment area

being below 50.0 percent. Specifically, the bank purchased 1,336 small business loans in 2014 and 1,150 small business loans in 2015 outside the assessment area. Although the bank's purchase and securitization of the SBA loans lowered the bank's percentage of total loans inside its assessment area, the activity had an overall positive impact on the provision of credit to small businesses. Given these circumstances, examiners placed less weight on the percentage of loans inside the assessment area by number, and more weight on the percentage inside the assessment area by dollar volume.

The following table shows the bank's lending concentration within its combined assessment area:

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2014	499	25.8	1,435	74.2	1,934	165,725	21.0	624,009	79.0	789,734
2015	345	22.6	1,181	77.4	1,526	124,134	19.0	528,504	81.0	652,638
Subtotal	844	24.4	2,616	75.6	3,460	289,859	20.1	1,152,513	79.9	1,442,372
MECA Multifamily										
2014	365	93.6	25	6.4	390	1,655,117	97.9	35,815	2.1	1,690,932
2015	479	98.2	9	1.8	488	2,694,473	98.9	29,825	1.1	2,724,298
Subtotal	844	96.1	34	3.9	878	4,349,590	98.5	65,640	1.5	4,415,230
HMDA Reportable Multifamily										
2014	58	65.9	30	34.1	88	256,575	48.8	268,807	51.2	525,382
2015	75	73.5	27	26.5	102	404,321	74.0	141,950	26.0	546,271
Subtotal	133	70.0	57	30.0	190	660,896	61.7	410,757	38.3	1,071,653
MECA 1-4 Family										
2014	47	100.0	0	0.0	47	80,885	100.0	0	0.0	80,885
2015	40	100.0	0	0.0	40	88,692	100.0	0	0.0	88,692
Subtotal	87	100.0	0	0.0	87	169,577	100.0	0	0.0	169,577
HMDA Reportable 1-4 Family										
2014	21	87.5	3	12.5	24	22,718	63.6	13,000	36.4	35,718
2015	8	100.0	0	0.0	8	9,546	100.0	0	0.0	9,546
Subtotal	29	90.6	3	9.4	32	32,264	71.3	13,000	28.7	45,264
Total	1,937	41.7	2,710	58.3	4,647	5,502,186	77.0	1,641,910	23.0	7,144,096
Source: 2014 and 2015 HMDA and CRA Reported Data; 2014 and 2015 bank MECA data										

### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the combined assessment area. The distribution of small business, multifamily, and 1-4 family loans compared well to demographics and aggregate data.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among business customers of different size. The evaluation focused on the distribution of small business loans by business revenue, as income data was generally not available for the other loan types. Overall, the distribution of small business loans to businesses with gross annual revenues of \$1 million or less was lower than aggregate or demographic data.

### **Community Development Lending**

Signature is a leader in making community development loans within its combined assessment area. Community development loans and commitments totaled \$3.7 billion representing 15.3 percent of the bank's total loans (\$24.2 billion) and 11.0 percent of the bank's total assets (\$33.5 billion) as of December 31, 2015. The following table shows the bank's community development lending by assessment area and purpose:

Community Development Lending by Rated Area												
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Connecticut	2	500	0	0	0	0	0	0	0	0	2	500
New York	626	2,486,158	21	65,812	57	165,832	178	1,013,217	0	0	882	3,731,019
<b>Total</b>	<b>628</b>	<b>2,486,658</b>	<b>21</b>	<b>65,812</b>	<b>57</b>	<b>165,832</b>	<b>178</b>	<b>1,013,217</b>	<b>0</b>	<b>0</b>	<b>884</b>	<b>3,731,519</b>

*Source: Bank Records*

### **Innovative or Flexible Lending Practices**

Signature makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

### **INVESTMENT TEST**

The Investment Test evaluates the institution's record of helping to meet the credit needs of the assessment area by using qualified investments that benefit the assessment area or a broader statewide or regional area that includes the assessment area. Activities considered under the Lending or Service Test may not be considered under the Investment Test. Examiners evaluated the bank's investment performance using the following criteria:

- the dollar amount of qualified investments;
- the innovativeness or complexity of qualified investments;
- the responsiveness of qualified investments to credit and community development needs;
- the degree to which the qualified investments are not routinely provided by private investors.

Signature's performance in its New York assessment area contributed most to the ratings for each of the performance criteria in the Investment Test. For detailed comments regarding the bank's performance in each of the performance criteria, refer to the separate assessment area discussions within this evaluation.

### **Investment Activity**

The bank has an adequate level of qualified investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Signature's qualified investment and grants totaled approximately \$96 million, which represent 0.3 percent of total assets (\$33.5 billion), 3.3 percent of total equity capital (\$2.9 billion), and 1.2 percent of securities (\$8.3 billion), as of December 31, 2015. These percentages are down slightly from the previous evaluation dated October 25, 2012.

### ***Qualified Investments***

The bank has \$95.1 million in qualified investments. The investments are concentrated primarily in the New York assessment area, and are focused largely on supporting affordable housing. Summarized in the table below are the bank's qualified investments by area and community development purpose:

<b>Qualified Investments by Area</b>												
<b>Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Neighborhood Stabilization</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Connecticut	0	0	0	0	0	0	0	0	0	0	0	0
New York	16	84,720	0	0	5	393	0	0	0	0	21	85,113
Regional Activities	1	10,000	0	0	0	0	0	0	0	0	1	10,000
<b>Total</b>	<b>17</b>	<b>94,720</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>393</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>95,113</b>
<i>Source: Bank Records</i>												

### ***Grants and Donations***

Since the previous FDIC CRA evaluation, the bank also extended grants and donations totaling approximately \$861,000 to numerous local community groups and organizations that have community development as their primary purposes. This dollar amount decreased compared to the previous CRA evaluation, when the bank had extended \$1 million in grants and donations. The following table shows the bank's donations by area and community development purpose:

Community Development Qualified Donations by Area												
Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Connecticut	2	6	2	3	0	0	0	0	0	0	4	9
New York	47	102	137	623	54	94	13	23	0	0	251	842
Regional Activities	1	3	4	3	2	4	0	0	0	0	7	10
<b>Total</b>	<b>50</b>	<b>111</b>	<b>143</b>	<b>629</b>	<b>56</b>	<b>98</b>	<b>13</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>262</b>	<b>861</b>
<i>Source: Bank Records</i>												

### **Responsiveness to Credit and Community Development Needs**

Signature exhibits good responsiveness to credit and community economic needs. A significant majority of the new investments and donations involved expenditures for eight Low-Income Housing Tax Credits (LIHTC) funds. LIHTC investments are responsive to the needs of the low-income communities within the assessment areas given the need for affordable housing.

### **Community Development Initiatives**

Signature makes significant use of complex investments to support community development initiatives. Much of Signature's qualified investments consist of LIHTCs, which are complex investments. LIHTCs give incentives for using private equity in developing affordable housing aimed at low-income households. According to the National Association of Homebuilders, LIHTCs accounts for approximately 50 percent of all affordable rental housing created in the United States today.

### **SERVICE TEST**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the systems for delivering retail banking services and the extent and innovativeness of its community development services. The bank's retail banking services are evaluated pursuant to the following criteria:

- the distribution of the bank's branches among geographies of different income levels;
- the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals;
- the availability and effectiveness of alternate systems for delivering retail banking services; and
- the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Signature's performance in its New York assessment area contributed most to the ratings for each of the performance criteria in the Service Test. For detailed comments regarding the bank's



performance in each of the performance criteria, refer to the separate assessment area discussions within this evaluation.

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of the assessment areas. The bank also offers alternative delivery systems, which improve access to its products and services.

### **Changes in Branch Locations**

To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Services do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income geographies or individuals.

### **Community Development Services**

Examiners evaluated community development services using the following criteria:

- the extent of community development services offered and used;
- the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served;
- the degree to which they serve low- and moderate-income area or individuals; and
- their responsiveness to available opportunities for community development services.

Overall, Signature provided a relatively high level of community development services during the evaluation period. The following table shows the hours dedicated to community development services by area and purpose:

<b>Community Development Services by Area and Purpose</b>						
<b>Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Neighborhood Stabilization</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
New York	28	4,980	226	129	0	<b>5,363</b>
Connecticut	0	0	0	0	0	<b>0</b>
Regional Activities	0	0	55	0	0	<b>55</b>
<b>Total</b>	<b>28</b>	<b>4,980</b>	<b>281</b>	<b>129</b>	<b>0</b>	<b>5,418</b>
<i>Source: Bank Records</i>						

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## **NEW YORK**

**CRA RATING FOR NEW YORK: Satisfactory**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: High Satisfactory**

### **SCOPE OF EVALUATION**

Examiners conducted a full-scope review of Signature's performance in its New York assessment area. To evaluate the bank's Lending Test performance, examiners reviewed small business loans and the bank's 1-4 family and multifamily loans (including HMDA and MECAs) for 2014 and 2015. In addition, examiners evaluated the bank's community development lending, investment, and service activity from October 24, 2012, to February 8, 2016. Examiners also reviewed pertinent information from available demographic and economic data.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW YORK**

The New York assessment area includes Bronx, Kings, New York, Queens, Richmond, and Westchester Counties in the New York-Jersey City-White Plains, New York-New Jersey Metropolitan Division (MD) #35614; and Nassau and Suffolk Counties in the Nassau County-Suffolk County, New York MD #35004. These two metropolitan areas are part of the larger New York-Newark-Jersey City, New York-New Jersey-Pennsylvania Metropolitan Statistical Area (MSA) #35620.

The bank maintains 28 of its branch offices in the New York assessment area, representing 96.6 percent of its total branches. According to the June 30, 2015 FDIC Summary of Deposits data, 99.9 percent of Signature's total deposits are located in this assessment area. The bank also extended a substantial majority of its total lending in the New York assessment area, including all of its 1-4 family loans, 99.8 percent of its multifamily loans, and 99.1 percent of its small business loans.

#### **Economic and Demographic Data**

The assessment area includes 2,998 census tracts with the following income designations:

- 354 low-income tracts,
- 757 moderate-income tracts,
- 1,054 middle-income tracts,
- 754 upper-income tracts, and
- 79 census tracts with no income designation.

The following table presents select demographic data for the assessment area:

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,998	11.8	25.3	35.2	25.1	2.6
Population by Geography	11,957,128	13.6	27.2	33.5	25.5	0.2
Housing Units by Geography	4,743,327	12.2	26.0	32.9	28.9	0.0
Owner-Occupied Units by Geography	1,989,869	2.6	16.1	43.6	37.7	0.0
Occupied Rental Units by Geography	2,341,297	20.6	34.2	24.2	21.0	0.0
Vacant Units by Geography	412,161	10.8	26.7	30.9	31.6	0.0
Businesses by Geography	842,407	7.3	19.2	32.8	38.8	1.9
Family Distribution by Income Level	2,794,743	27.1	17.1	18.2	37.6	0.0
Household Distribution by Income Level	4,331,166	28.6	15.5	16.6	39.3	0.0
Weighted Average MFI of Tracts (2010 Census)		\$ 80,105	Median Housing Value			\$523,107
Weighted Average MFI of MSA for 2014		\$ 76,229	Median Gross Rent			\$1,151
Weighted Average MFI of MSA for 2015		\$ 78,933	Families Below Poverty Level			12.1%
Source: 2010 U.S. Census, MFI. 2015 D&B data, (*) The NA category consists of geographies that have not been assigned an income classification.						

There are 4.7 million housing units in the New York assessment area. Of these units, 42.0 percent are owner-occupied, 49.3 percent are occupied rental units, and 8.7 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the table above, only 2.6 percent of the assessment area's owner-occupied housing units are in the low-income tracts, which limits the opportunities for home mortgage lending in those census tracts. However, over half the occupied rental units are in the low- and moderate-income areas, including 20.6 percent in the low- and 34.2 percent in the moderate-income tracts, which presents comparatively greater opportunities in those areas for making loans secured by multifamily properties.

According to 2015 D&B data, there are 842,407 non-farm businesses in the assessment area. Service industries represent the largest portion of businesses at 50.8 percent, followed by retail trade at 14.7 percent; and finance, insurance and real estate at 8.7 percent. By number of employees, some of the area's largest employers include Northwell Health; JP Morgan Chase and Company; Mount Sinai Medical Center; Macy's, Inc.; Citibank, N.A.; Cablevision Systems Corp.; Henry Schein, Inc.; CA, Inc.; and Pall Corp.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of the bank's small business loans to the distribution of businesses by gross annual revenue level. Gross annual revenues for these businesses are below:

- 78.1 percent reported gross annual revenues of \$1 million or less
- 6.1 percent reported gross annual revenues of more than \$1 million
- 15.8 percent have unknown revenues

The assessment area has a highly skilled and educated workforce. In addition, the area is the financial capital of the world and a top tourist destination. However, the assessment area has a high cost of living and housing, and high tax burdens for residents and businesses. Additionally, financial market fluctuations affect employment and wages, and global weaknesses impact tourism.

Data obtained from the U. S. Bureau of Labor and Statistics indicates that the November 2015 unemployment rates were 4.9 percent and 4.1 percent for MDs #35614 and #35004, respectively. Unemployment rates have generally declined throughout 2015.

### **Competition**

Signature operates within a highly competitive market for deposits and loans in its New York assessment area. Based on the June 30, 2015 FDIC Summary of Deposits data, there were 132 financial institutions operating 3,091 branches within the bank's New York assessment area. Signature ranked eleventh with a 1.99 percent share of the area's deposits. The market leaders were primarily large national banks with numerous offices throughout the assessment area, including JP Morgan Chase Bank, N.A.; Bank of America, N.A.; and HSBC Bank USA, N.A.

Based on 2014 HMDA aggregate data, the competition for home mortgage loans in the New York assessment area is intense. During 2014, 553 lenders originated or purchased 121,503 HMDA-reportable loans totaling over \$61.3 billion within the assessment area. Wells Fargo Bank was the market leader in terms of number of loans with 17,181 loans, for a 14.14 percent market share. The 2014 HMDA aggregate data also shows that 136 lenders reported 3,113 multifamily housing loans totaling \$12.1 billion in the assessment area. JP Morgan Chase Bank, N.A. was the market leader for multifamily lending capturing a 17.6 percent market share.

The New York assessment area is also a competitive market for small business loans. In 2014, 225 lenders originated 293,626 small business loans in the New York assessment area. American Express was the market leader in terms of number of loans, with 104,993 loans and a 35.8 percent market share.

### **Community Contact**

Examiners conducted a community contact to help identify the area's community development and credit needs. The contact included an interview with a representative of a local organization that advocates for the preservation and further development of affordable housing in Bronx County, New York. The contact explained that there is still a need for affordable housing within the New York assessment area, but also noted that financial institutions are responsive to the need for credit to develop and maintain affordable housing. The contact noted particular concern for the rising valuations in multifamily housing, and the potential threat this represents to the long-term availability of truly affordable housing. The contact also discussed the need for bank products, particularly low or no fee deposit accounts, which cater to the needs of low- and moderate-income individuals. The contact was generally complimentary of the efforts of financial institutions within the assessment area.

In addition, the FDIC received a letter from a community organization commenting on Signature's lending and community development efforts. The entity, a nonprofit coalition

comprised of nearly 100 neighborhood-based affordable housing organizations, commented that Signature is a leader in multifamily lending in the New York City area, and that the bank's volume of affordable housing is commendable. However, the entity had concerns with the condition of some of the buildings securing the loans. The entity also commented on the positive impact of the bank's investments, especially the LIHTCs. Examiners used this information when assessing the bank's CRA performance.

### **Credit and Community Development Needs and Opportunities**

Based on information from bank management, the demographic and economic data, and the information from the community contacts, examiners determined that affordable housing continues to be a significant need in the area. In addition, opportunities exist for financial institutions to offer products and services geared toward low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW YORK**

### **LENDING TEST**

#### **Lending Activity**

Signature's lending levels reflect good responsiveness to assessment area credit needs. During the evaluation period, Signature and its affiliate originated and purchased 3,937 loans (including MECAs) totaling \$5.9 billion in its New York assessment area. In addition, the bank had \$3.7 billion in community development loans, much of which supported affordable housing.

Market rank data provides additional insight into the bank's lending. Signature had good market rankings for its multifamily and small business lending. In 2014, Signature had a 1.8 percent market share for its multifamily lending, and ranked eleventh out of 132 lenders that originated a multifamily loan in the assessment area. In addition, Signature had a 0.55 percent market share for small business loans, and ranked sixteenth out of 225 lenders that reported small business loans in the assessment area. Signature ranked just 224<sup>th</sup> out of 491 home mortgage lenders for its 1-4 family loans; however, 1-4 family lending is not the bank's primary lending focus. Since MECA transactions are not HMDA reportable, there is no ranking data available for these credits. However, the bank extended a significant volume of MECA transactions, most of which involved multifamily properties.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the assessment area, driven primarily by the bank's multifamily lending.

#### ***Small Business Loans***

The geographic distribution of small business loans reflects good penetration. The following table shows that in 2014, the bank's performance with respect to the number of loans in the low-income census tracts exceeds both business demographics and aggregate lending data by 1.2 percentage points. The bank's level of lending in 2014 in the moderate-income areas also exceeds business demographics and aggregate lending data by 9.0 and 9.8 percentage points, respectively.

The bank's overall level of small business lending decreased from 2014 to 2015. The following table shows that the decrease in lending affected the bank's penetration in the low-income census tracts the most. As a result, the bank's performance with respect to the number of loans in low-income census tracts was 2.5 percentage points less than the business demographics. However, given the intense competition, including competition from large financial institutions that offer business credit cards, Signature's lending performance was adequate. The bank's lending activity in the moderate-income census tracts also declined in 2015. However, the performance by number of loans nonetheless exceeded business demographics by 0.9 percentage points.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2014	7.3	7.3	138	8.5	46,152	9.2
2015	7.3	--	59	4.8	17,322	8.1
Moderate						
2014	19.2	18.4	461	28.2	131,298	26.2
2015	19.2	--	244	20.1	47,335	22.0
Middle						
2014	32.5	32.1	562	34.4	188,937	37.6
2015	32.8	--	619	50.9	76,961	35.8
Upper						
2014	39.0	40.1	389	23.8	129,257	25.7
2015	38.8	--	236	19.4	64,966	30.3
NA						
2014	2.0	2.1	83	5.1	6,350	1.3
2015	1.9	--	58	4.8	8,094	3.8
<b>Totals</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>1,633</b>	<b>100.0</b>	<b>501,994</b>	<b>100.0</b>
<b>2015</b>	<b>100.0</b>	<b>--</b>	<b>1,216</b>	<b>100.0</b>	<b>214,678</b>	<b>100.0</b>
<i>Source: 2014-2015 D&amp;B Data; 2014 and 2015 CRA Reported Data; 2014 CRA Aggregate Data; "--" data not available</i>						

### ***Multifamily Loans (HMDA and MECA)***

The geographic distribution of multifamily lending reflects excellent penetration throughout the assessment area. Multifamily lending for the purpose of this performance criterion includes the HMDA reportable and MECA multifamily loans.

The following table shows that in 2014, the bank's performance regarding the number of multifamily home mortgage loans originated in the low-income census tracts exceeds both the percentage of multifamily housing units and aggregate lending data by 7.4 and 9.2 percentage points, respectively. The bank's level of lending in 2014 in moderate-income census tracts also exceeds both the percentage of multifamily housing units and aggregate lending data by 13.2 and 6.7 percentage points, respectively.

The bank's overall level of multifamily lending increased significantly from 2014 to 2015. The bank's lending in the low-income census tracts increased slightly in absolute terms, though its performance was lower in percentage terms. However, the bank's performance in the low-income areas still exceeded the percentage of multifamily housing units by 1.3 percentage points. The bank's level of lending in the moderate-income areas increased significantly by number of loans and as a percentage of its total multifamily lending. Notably, the bank's level of lending in 2015 in the moderate-income census tracts exceeded the percentage of multifamily housing units by 20.3 percentage points.

<b>Geographic Distribution of HMDA and MECA Multifamily Loans</b>						
<b>Tract Income Level</b>	<b>% of Multifamily Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2014	20.2	18.4	116	27.6	460,449	24.2
2015	20.2	--	119	21.5	593,286	19.2
Moderate						
2014	30.1	36.6	182	43.3	587,754	30.9
2015	30.1	--	278	50.4	1,229,536	39.7
Middle						
2014	19.6	19.8	58	13.8	310,590	16.3
2015	19.6	--	73	13.2	562,107	18.1
Upper						
2014	30.1	25.0	64	15.3	545,196	28.6
2015	30.1	--	82	14.9	713,361	23.0
NA						
2014	0.0	0.2	0.0	0.0	0.0	0.0
2015	0.0	--	0.0	0.0	0.0	0.0
<b>Totals</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>420</b>	<b>100.0</b>	<b>1,903,989</b>	<b>100.0</b>
<b>2015</b>	<b>100.0</b>	<b>--</b>	<b>552</b>	<b>100.0</b>	<b>3,098,290</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2014 and 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; 2014 and 2015 MECA Data; "--" data not available.</i>						

#### ***1-4 Family Home Mortgage Loans (HMDA and MECA)***

The geographic distribution of 1-4 family loans reflects excellent penetration. The 1-4 family home lending for the purpose of this performance criterion includes the HMDA reportable and MECA 1-4 family loans.

The following table shows that in 2014, the bank's performance with respect to the number of 1-4 family loans in low-income census tracts exceeded both demographics and aggregate lending data by 16.5 and 16.4 percentage points, respectively. The bank's level of lending in 2014 in moderate-income areas also exceeded both the demographics and aggregate lending by 19.2 and 20.2 percentage points, respectively.



The bank's overall level of 1-4 family lending decreased from 2014 to 2015. The following table shows that this decrease affected lending in the low- and moderate- income areas the most. However, the bank's lending nonetheless exceeded the percentage of owner-occupied housing units in the low- and moderate-income census tracts by 11.9 percentage points and 15.2 percentage points, respectively.

Geographic Distribution of 1-4 HMDA and MECA Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	2.6	2.7	13	19.1	13,825	13.3
2015	2.6	--	7	14.5	6,385	6.5
Moderate						
2014	16.1	15.1	24	35.3	30,946	29.9
2015	16.1	--	15	31.3	18,855	19.2
Middle						
2014	43.6	41.2	12	17.7	23,407	22.6
2015	43.6	--	15	31.3	20,308	20.7
Upper						
2014	37.7	41.0	19	27.9	35,425	34.2
2015	37.7	--	11	22.9	52,690	53.6
<b>Totals</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>68</b>	<b>100.0</b>	<b>103,603</b>	<b>100.0</b>
<b>2015</b>	<b>100.0</b>	<b>--</b>	<b>48</b>	<b>100.0</b>	<b>98,238</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2014 and 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; 2014 and 2015 MECA Data; "--" data not available</i>						

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among business customers of different sizes. Examiners focused on the bank's small business lending for this performance criterion, as borrower income data was not available for the multifamily loans and for most all of the bank's 1-4 family loans.

### ***Small Business Loans***

The distribution of borrowers reflects poor penetration among business customers of different sizes. The following table shows that in 2014, Signature's lending to businesses with gross annual revenues of \$1 million or less was lower than both the aggregate lending data and demographics. Notably, Signature had a much greater percentage of its loans to businesses with revenues over \$1 million or with unknown revenues than the aggregate. Contributing to this distribution is the bank's practice of purchasing the guaranteed portions of SBA loans and pooling them to sell on the secondary market, as the purchased loans generally do not have revenue data reported. In 2015, Signature's lending to businesses with revenues of \$1 million or less was again well below the percentage of businesses in that income category.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Annual Revenue	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2014	73.1	41.0	373	22.8	247,523	49.3
2015	78.1	--	125	10.3	56,178	26.2
> \$1,000,000 and Revenue Not Available						
2014	5.7	59.0	1,260	77.2	254,471	50.7
2015	6.1	--	1,091	89.7	158,500	73.8
<b>Total</b>						
<b>2014</b>	<b>100.0</b>	<b>100.0</b>	<b>1,633</b>	<b>100.0</b>	<b>501,994</b>	<b>100.0</b>
<b>2015</b>	<b>100.0</b>	<b>--</b>	<b>1,216</b>	<b>100.0</b>	<b>214,678</b>	<b>100.0</b>
<i>Source: 2014 and 2015 D&amp;B Data; 2014 and 2015 CRA Reported Data; 2014 CRA Aggregate Data.</i>						

### **Community Development Lending**

Signature is a leader in making community development loans within its assessment area. Community development loans and commitments totaled \$3.7 billion, representing 15.3 percent of the bank's total loans (\$24.2 billion) and 11.0 percent of the bank's total assets (\$33.5 billion) as of December 31, 2015. The bank originated loans that aided the communities within its assessment area by supporting affordable housing; creating jobs and furthering economic development; providing community services, such as services to the homeless population; and revitalizing and stabilizing low- and moderate- income neighborhoods by providing financing for commercial and retail buildings within those areas.

The following table illustrates the bank's community development loans extended within this assessment area by year and purpose:

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2013	234	725,501	3	5,450	2	2,800	49	222,154	0	0	288	955,905
2014	162	773,395	8	16,685	44	107,118	69	401,902	0	0	283	1,299,100
2015	230	987,262	10	43,677	11	55,914	60	389,161	0	0	311	1,476,014
<b>Total</b>	<b>626</b>	<b>2,486,158</b>	<b>21</b>	<b>65,812</b>	<b>57</b>	<b>165,832</b>	<b>178</b>	<b>1,013,217</b>	<b>0</b>	<b>0</b>	<b>882</b>	<b>3,731,019</b>
<i>Source: Bank Records</i>												

The following are examples of Signature's community development loans:

#### Affordable Housing

- In September 2013, Signature originated a \$12 million loan secured by a 102-unit multifamily building located in New York County, New York. All of the apartments are covered under a Housing Assistance Payments (HAP) contract from the United States Department of Housing and Urban Development (HUD). HAP contracts are a vehicle through which HUD provides Section 8 rental subsidies to a building owner for providing affordable housing to individuals meeting the criteria of the Section 8 program.

#### Revitalize and Stabilize

- In December 2013, Signature originated a \$16.3 million loan secured by a commercial building containing numerous retail shops in a moderate-income census tract in Kings County, New York. The loan will aid in the revitalization and stabilization of the moderate-income area by retaining the retail shops in the area, and giving residents local places to shop and work.
- In September 2015, the bank originated a \$2.4 million loan to a supermarket in a moderate-income area in Suffolk County, New York. This loan revitalizes and stabilizes the area by retaining the availability of food shopping and employment options within the moderate-income area.
- In February 2015, the bank originated a \$4.4 million loan to construct a hotel and medical offices in a low-income census tract in New York County, New York. Once complete, the building will revitalize and stabilize the area by maintaining a source of employment and access to medical services within the area.

#### Economic Development

- In August 2015, the bank originated a \$3 million loan as part of a bonding guarantee program to assist qualified small business in obtaining performance bonds. This will aid the assessment area by creating jobs and assisting small businesses in qualifying for contracts previously unavailable to them.
- From 2013 to 2015, Signature originated 53 taxi fleet medallion loans totaling approximately \$79.6 million within its assessment area. These loans promote economic development by creating or supporting jobs for low- to moderate-income individuals.

#### Community Service

- In 2013, Signature originated a \$2.3 million loan to refinance an apartment building used by a nonprofit substance abuse and mental health treatment organization. The organization uses the building to provide patients with a place to live and receive treatment, many of whom are low- and moderate-income.

#### Innovative and Flexible Lending

The institution makes limited use of innovative or flexible lending practices in order to serve assessment area credit needs. During the evaluation period, the bank used flexible lending

practices to originate six loans totaling \$1.3 million that financed the purchase and installation of energy saving improvements in various multifamily buildings. The bank secured the loans with the improvements and not the building, which allowed the building owners greater flexibility to invest additional funds into the property.

## **INVESTMENT TEST**

### **Investment Activity**

Signature made an adequate level of qualified community development investments and grants in its New York assessment area, occasionally in a leadership position, particularly those that private investors do not routinely provide. Of Signature's total qualified investment and grants, \$86 million, or 89.6 percent, were within the bank's New York assessment area.

### **Qualified Investments**

The following table illustrates the bank's qualified investments within this assessment area by activity year and purpose:

<b>Qualified Investments</b>												
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Neighborhood Stabilization</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	9	19,941	0	0	0	0	0	0	0	0	9	19,941
2012	0	0	0	0	1	50	0	0	0	0	1	50
2013	4	34,206	0	0	1	50	0	0	0	0	5	34,256
2014	2	18,292	0	0	2	143	0	0	0	0	4	18,435
2015	1	12,281	0	0	1	150	0	0	0	0	2	12,431
<b>Total</b>	<b>16</b>	<b>84,720</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>393</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>85,113</b>

*Source: Bank Records*

The following are examples of the bank's qualified investments within this assessment area:

### **Affordable Housing**

- In 2013, Signature invested \$4.3 million in the CREA Corporate Tax Credit Fund XXX. The investment helped fund the development, rehabilitation, and operation of The Enclave on 5<sup>th</sup>, a 40-unit multifamily project in Mount Vernon, New York, that provides rental opportunities to low-income families and individuals.
- In 2013, Signature invested \$12.4 million in the Richman USA Institutional 80-20 Tax Credit Fund VIII, LP. This project included acquiring and rehabilitating 66 apartments reserved for low-income renters located in Kings County, New York.

- In 2015, Signature invested \$10 million in Siena Village, a 298-unit Section 8 low-income development in Suffolk County, New York. The renters in the building pay no more than 30 percent of their adjusted income for rent.
- In 2015, Signature invested \$12.3 million in a LIHTC for a LEED-certified project located at 7 and 8 Navy Pier in Richmond County, New York. Led by New Jersey-based Ironstate Development, the project includes two residential buildings, 30,000 square feet of ground-floor retail, parking, and a public esplanade. The two buildings designated 115 affordable housing rental units for low- and moderate-income renters with incomes not exceeding 60 percent of the median family income.

### Economic Development

- Signature continues its investment in a certificate of deposit at Spring Bank, which is a U.S. Treasury-certified Community Development Financial Institution (CDFI) with locations serving low- and moderate-income communities in the South Bronx, Brooklyn, and New York City. Examiners categorized this investment, which renews annually, as “economic development” because the CDFI uses the funds to finance business development in low- and moderate-income areas. In 2015, the bank increased its certificate from \$50,000 to \$150,000.
- Signature continues to invest in the CRA Qualified Investment Fund. The CRA Qualified Investment Fund specifically earmarks investments for participating financial institutions in their assessment areas. The bank’s investment earmarked 34 affordable housing projects in New York City, which include 3,842 affordable rental units. The bank’s outstanding amount in this fund is \$7.1 million.
- Signature continues its investment in the Access Capital Community Investment Fund. This fund is an investment comprised of 95 affordable housing loans (94 loans in New York and 1 loan in Connecticut). All borrowers for each loan are either low- or moderate-income individuals. The bank’s outstanding commitment is \$8.7 million.

### ***Grants and Donations***

Since the previous FDIC CRA evaluation, the bank extended grants and donations totaling approximately \$842,000 to local community groups and organizations in this assessment area that have community development as their primary purposes. This level decreased since the previous CRA evaluation, at which time the bank had extended approximately \$1 million in grants and donations. On an annualized basis, the bank donated 0.08 percent of its average annual net income to qualified community development organizations.

The following table shows the bank’s donations by community development category and year:

Grants and Donations												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2012*	2	12	3	2	1	2	2	10	0	0	8	26
2013	12	18	35	275	19	45	0	0	0	0	66	338
2014	18	37	51	168	19	22	1	1	0	0	89	228
2015	15	35	48	178	15	25	10	12	0	0	88	250
<b>Total</b>	<b>47</b>	<b>102</b>	<b>137</b>	<b>623</b>	<b>54</b>	<b>94</b>	<b>13</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>251</b>	<b>842</b>

*Source: Bank Records \*Partial Year – includes November and December 2012.*

Listed below are several examples of the bank's grants and donations:

#### Community Service

- Public Health Solutions – In 2013, 2014, and 2015, Signature donated \$190,000, \$60,000, and \$152,000, respectively (\$402,000 total). Public Health Solutions is a health-related nonprofit organization that provides funding to several low- and moderate-income clinics throughout the assessment areas.
- Enterprise Community Partners (ECP) – In 2012, 2013, 2014, and 2015, the bank made a \$10,000 donation annually (\$40,000 in aggregate) to ECP, a nonprofit organization that is a leading provider of capital and expertise for affordable housing and community development for low- and moderate-income people.
- Long Island Cares – In 2013, 2014, and 2015, Signature made donations of \$10,000, \$5,000, and \$3,000, respectively (\$18,000 total), to this organization, which largely serves as a food bank to low- and moderate-income individuals. However, it also provides services such as job training, emergency response, and veterans' services, to low- and moderate-income individuals.

#### Affordable Housing

- Bridge Street Development Corporation (BSDC) – In 2013, the bank gave a \$4,000 grant to BSDC in support of the Federal Home Loan Bank of New York's Affordable Housing Program in Bedford-Stuyvesant. BSDC is a nonprofit organization whose mission is to build partnerships with businesses, government, and other community stakeholders to provide civic and economic opportunities to the residents of Central Brooklyn. BSDC also provides one-on-one counseling and educational workshops to prospective and current homeowners.
- University Neighborhood Housing Program (UNHP) – In 2012, 2013, 2014, and 2015, Signature donated \$2,000, \$2,000, \$2,800, and \$3,800, respectively (\$10,600 total). UNHP's mission is to create, preserve, and improve affordable housing within the Northwest Bronx. UNHP provides low-interest loans, provides technical assistance to community groups, and attracts additional investments through the Northwest Bronx Resource Center. Through the Resource Center, residents receive financial education, foreclosure prevention assistance, tax-preparation guidance, and small business development assistance.

### **Responsiveness to Credit and Community Development Needs**

The bank's qualified investments exhibit good responsiveness to the credit and community development needs. The majority of the bank's investments are in the form of LIHTCs, which are responsive to the needs of low-income communities within the assessment areas. LIHTCs give incentives for using private equity in developing affordable housing aimed at low-income households. According to the National Association of Homebuilders, LIHTCs accounts for approximately 50 percent of all affordable rental housing created in the United States today.

### **Community Development Initiatives**

Signature makes significant use of complex investments to support community development initiatives.

## **SERVICE TEST**

### **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of the assessment area. The following table shows the distribution of the bank's offices and ATMs by census tract:

<b>Distribution of Bank Offices and ATMs by Households and Income Category of the Census Tract</b>						
<b>Tract Income Level</b>	<b>Census Tracts in Assessment Areas</b>	<b>Households</b>	<b>Bank Offices by Tract Location</b>		<b>ATMs by Tract Location</b>	
	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	12.1	28.4	2	7.1	1	6.3
Moderate	24.7	15.4	4	14.3	0	0.0
Middle	34.9	16.7	9	32.1	4	25.0
Upper	25.8	39.5	12	42.9	11	68.7
NA	2.5	0.0	1	3.6	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>
<i>Source: 2010 US Census and Bank Records.</i>						

Signature's New York branching structure equitably serves census tracts of all income levels. Although the percentage of the bank's branches located in low-income census tracts does not compare well to the distribution of households, the percentage of branches in the moderate-income census tracts is generally consistent with that demographic measure. In addition, 7 of the bank's 12 offices located in upper-income census tracts are within close proximity to low- and moderate-income census tracts. Likewise, 6 of the bank's 9 branches located in middle-income census tracts are in close proximity to low- and moderate-income census tracts. Furthermore, the majority of the branches are located near public transportation, which increases accessibility to all residents and businesses in the assessment area. Given this information, the bank's branches adequately serve the assessment area's low- and moderate-income census tracts.

The bank offers alternative delivery systems to provide additional access to the bank's products and services. These alternative delivery systems include ATMs, which allow customers to access funds, check account balances, transfer funds, and make loan payments. The bank currently operates 16 ATMs located at 11 offices. Thirteen of the ATMs, however, do not offer

24-hour availability, as 6 have availability that is limited to building/office hours and 7 operate approximately 18 hours. Four branches (26 Court Street, 261 Madison Avenue, 71 Broadway, and 93 Broadway) have multiple ATMs. The 18 offices that do not have ATMs are located in business districts where customers usually bank during regular business hours.

The bank also offers several services that allow individuals to conduct banking transactions without physically accessing an office. First, the bank's website [www.signatureny.com](http://www.signatureny.com) offers customers free transactional Internet banking, including bill payment. Second, the bank's telephone banking system offers customers free access to their accounts during normal business hours to check account balances, transfer funds between accounts, and to make payments on bank loan accounts. Third, the bank offers remote deposit capture that allows qualified commercial customers to scan checks and deposit tickets from their own location for deposit into their accounts. These additional services enhance the accessibility of financial services for all community segments, including low- and moderate-income individuals.

### **Changes in Branch Locations**

To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies.

Signature opened three branch offices since the prior evaluation, including two offices in upper-income census tracts and one office in a middle-income census tract. Although none of the new offices are in low- or moderate-income tracts, the offices have nonetheless improved access to bank services in general.

Signature relocated two offices, including one office in a middle-income tract and one office in a moderate-income tract. These relocations did not adversely affect persons living in the low- and moderate-income census tracts, as the new offices were in close proximity to the former locations and within the same census tract.

Signature did not close any offices during the current evaluation period. However, the bank eliminated three ATMs upon the relocation of its 300 Park Avenue office.

### **Reasonableness of Business Hours and Services**

Services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies or individuals. Regular business hours vary by office and are based on the needs of the local business community. Signature's offices are generally open between 8:30 AM and 4:00 PM, Monday through Friday; however, hours vary by branch. None of the branches offers drive-through services; however, many of the branch offices are located in an urban setting or office buildings, making drive-through facilities impractical.

### **Community Development Services**

Signature provided a relatively high level of community development services during the evaluation period in its New York assessment area. Employees participated in numerous service activities with more than 100 organizations during the evaluation period. The bank's level of community development services is consistent with the last evaluation. The bank organized and



participated in programs that provide education and community development services to residents of its assessment areas, and has focused on low- and moderate-income geographies. In addition to participating in specific events or programs, bank staff offer their technical expertise through Board and committee memberships.

The following table shows the bank's community development services by hours in the New York assessment area:

<b>Community Development Services</b>						
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Neighborhood Stabilization</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2012	2	283	16	9	0	<b>310</b>
2013	13	1,747	95	50	0	<b>1,905</b>
2014	13	1,817	95	50	0	<b>1,975</b>
2015	0	1,133	20	20	0	<b>1,173</b>
<b>Total</b>	<b>28</b>	<b>4,980</b>	<b>226</b>	<b>129</b>	<b>0</b>	<b>5,363</b>
<i>Source: Bank Records</i>						

The following are examples of the bank's community development services in the New York assessment area:

- A community development specialist serves on the loan review committee of the Valley Economic Development Corporation (VEDC). The VEDC collaborates with the Tri-State Business Opportunity Fund to finance start-up and existing businesses in the broader regional area that includes the bank's assessment areas in Connecticut and New York. Loans are for between \$50,000 and \$500,000, and must help create or retain jobs for low- or moderate-income residents. Participating businesses must have annual revenues of no more than \$10 million, and must operate within low- or moderate-income communities.
- A community development specialist serves as treasurer at New Partners for Community Revitalization (NPCR). NPCR is a statewide, nonprofit organization that helps revitalize blighted low- and moderate-income neighborhoods through policy, program, and project initiatives.
- The bank sponsors a free income tax return preparation program in conjunction with Ariva, a nonprofit organization that provides various services to low- and moderate-income New Yorkers, including financial education and tax preparation services. During the bank-sponsored tax preparation events in 2013, 2014, and 2015, 771 individuals received free tax return preparation assistance.
- The bank continues to sponsor a first time investor program. As part of the program, bank staff teach a nine-week course on the basics of securities investing to low- and moderate-income individuals. The program requires each participant to open an account with \$750 to invest, which the bank matches with a \$750 grant. Participants who successfully complete the nine-week course receive two years of free investment advice and assistance from the

bank's affiliate, Signature Securities Group. During 2013, 2014, and 2015, approximately 50 individuals successfully completed the program each year.

- The bank collaborates with the Coalition for Debtor Education at Fordham Law School, New York, to provide low-income high school students with financial literacy training. The program provides information on the pitfalls of credit card use and mismanagement, as well as the students' rights as consumers. During 2013, 2014, and 2015, the program conducted about 40 seminars at various high schools, with approximately 2,500 students participating in the program.

## CONNECTICUT

**CRA RATING FOR CONNECTICUT: Satisfactory**

**The Lending Test is rated: Low Satisfactory**

**The Investment Test is rated: Low Satisfactory**

**Service Test is rated: Low Satisfactory**

### SCOPE OF EVALUATION

Examiners conducted a full-scope review of Signature's performance in Connecticut. To evaluate the bank's Lending Test performance, examiners reviewed the CRA-reportable small business loans and the HMDA-reportable home mortgage loans starting in February 2015. In addition, examiners evaluated the bank's community development lending, investment, and service activity from February 4, 2015, to February 8, 2016. Examiners also reviewed pertinent information from available demographic and economic data.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN CONNECTICUT

The Connecticut assessment area includes Fairfield County in the Bridgeport-Stamford-Norwalk, Connecticut MSA #14860. The bank added this assessment area following its opening of a branch office in Greenwich, Connecticut, in February 2015.

The bank maintains one branch office in the Connecticut assessment area, representing 3.4 percent of its total branch office network.

According to the June 30, 2015 FDIC Summary of Deposits data, approximately 0.1 percent of Signature's total deposits are located in this assessment area. The June 2015 Peer Deposit Data indicated that Signature ranked 28<sup>th</sup> in the Connecticut assessment area in terms of deposit market share (0.03 percent) among the 29 financial institutions operating within this area.

#### **Economic and Demographic Data**

The assessment area includes 210 census tracts with the following income designations:

- 33 low-income tracts,
- 37 moderate-income tracts,
- 67 middle-income tracts, and
- 73 upper-income tracts.

The following table presents select demographic data for the assessment area:

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	210	15.7	17.6	31.9	34.8	0.0
Population by Geography	916,829	13.5	19.5	33.6	33.4	0.0
Housing Units by Geography	358,132	13.8	21.2	34.6	30.4	0.0
Owner-Occupied Units by Geography	234,419	5.2	15.9	40.3	38.6	0.0
Occupied Rental Units by Geography	97,363	31.2	33.6	23.2	12.0	0.0
Vacant Units by Geography	26,350	25.9	22.7	25.5	25.9	0.0
Businesses by Geography	99,428	10.4	16.3	32.8	40.5	0.0
Family Distribution by Income Level	230,561	22.7	16.7	20.0	40.6	0.0
Household Distribution by Income Level	331,782	25.6	15.2	17.0	42.2	0.0
Median Family Income (2010 Census)		\$100,593	Median Housing Value			\$577,629
FFIEC-Estimated Median Family Income for 2014		\$106,400	Median Gross Rent			\$1,235
FFIEC-Estimated Median Family Income for 2015		\$107,500	Families Below Poverty Level			5.6%
Source: 2010 U.S. Census, FFIEC Estimated Median Family Income. 2015 D&B data, (*) The NA category consists of geographies that have not been assigned an income classification.						

There are 358,132 housing units in the Connecticut assessment area. Of these units, 65.5 percent are owner-occupied, 27.2 percent are occupied rental units, and 7.3 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the table above, only 5.2 percent of the assessment area's owner-occupied housing units are in the low-income tracts, which limit the opportunities for home mortgage lending in those census tracts. However, the majority of occupied rental units are in the low- and moderate-income areas, including 31.2 percent in the low- and 33.6 percent in the moderate-income tracts, which presents comparatively greater opportunities in those areas for making loans secured by multifamily properties.

According to 2015 D&B data, there are 99,428 non-farm businesses in the assessment area. Services represent the largest portion of businesses at 52.0 percent, followed by retail trade at 10.4 percent; and finance, insurance and real estate at 10.1 percent. By number of employees, the area's largest employers include Sikorsky Aircraft Corp., General Electric Co., UBS, Danbury Hospital, and Frontier Communications.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of the bank's small business loans to the distribution of businesses by gross annual revenue level. Gross annual revenues for these businesses are below:

- 81.3 percent reported gross annual revenues of \$1 million or less
- 5.0 percent reported gross annual revenues of more than \$1 million
- 13.7 percent have unknown revenues

### **Competition**

Signature operates within a highly competitive market for deposits and loans in its Connecticut assessment area. Based on the June 30, 2015 FDIC Summary of Deposits data, there were 29 financial institutions operating 382 branches within the bank's Connecticut assessment area. People's United Bank, N.A., Bank of America, N.A., Citibank, N.A., Wells Fargo Bank, N.A., and JP Morgan Chase Bank, N.A. were among the largest institutions in terms of deposit market share, each of which operate numerous locations in the county.

Based on 2014 HMDA aggregate data, there is a high level of competition for home mortgage loans in the Connecticut assessment area. During 2014, 404 lenders originated or purchased 19,670 HMDA-reportable loans totaling \$9.4 billion within the county. Wells Fargo Bank was the market leader in terms of number of loans with a 10.4 percent market share. The 2014 HMDA aggregate data also shows that 27 lenders reported 90 multifamily housing loans totaling \$613.2 million in the assessment area. People's United Bank was the market leader for multifamily lending capturing a 12.2 percent market share.

The Connecticut assessment area is also a competitive market for small business loans. In 2014, 94 lenders originated or purchased 24,212 small business loans in the assessment area. American Express was the market leader in terms of number of loans, with a 31.3 percent market share.

### **Community Contact**

Examiners reviewed a recent community contact of a local organization that provides financial products, programs, and services designed to promote affordable housing in the area. The contact explained that there is a need for affordable housing within the Connecticut assessment area, but also noted that financial institutions are responsive to the need for credit to develop and maintain affordable housing. The contact was generally complimentary of the efforts of financial institutions within the assessment area.

### **Credit and Community Development Needs and Opportunities**

Based on information from bank management, demographic and economic data, and information from the community contacts, examiners determined that affordable housing continues to be a significant need in the area. In addition, opportunities exist for financial institutions to offer products and services geared toward low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN CONNECTICUT**

### **LENDING TEST**

#### **Lending Activity**

Signature's lending levels reflect adequate responsiveness to assessment area credit needs. The bank originated ten loans totaling \$1.8 million in the Connecticut assessment area. In addition, the bank had \$500,000 in community development loans supporting affordable housing.

Although the bank's lending demonstrates adequate responsiveness, Signature's lending activity in its Connecticut assessment area was low, especially when compared to the bank's performance in its New York assessment area. Several factors contribute to the low volume. First, Signature has just one office location in Connecticut. Importantly, the office was in operation for less than one year as of the date of the CRA evaluation. Consequently, the bank has not had sufficient time to establish a customer base. Second, the Connecticut assessment area presents a comparatively lower level of opportunity for multifamily lending than the New York assessment area. Third, MECAs, which comprised a significant portion of the bank's lending in its New York assessment area, are generally not used as a means of financing in the Connecticut assessment area. Fourth, the area is a highly competitive market for loan and deposit services. Many large institutions that operate on a regional or national scale maintain numerous offices in the area, including, for example, Bank of America, N.A., Wells Fargo Bank, N.A., and JP Morgan Chase Bank, N.A. In addition, there are a number of Connecticut-based institutions with a significant presence in the county, perhaps most notably the People's United Bank, N.A.

### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the assessment area.

#### ***Small Business Lending***

Considering the bank's recent entry into this assessment area and its limited office network in Connecticut, the geographic distribution of loans reflects good penetration throughout the assessment area. Signature originated or purchased eight small business loans totaling approximately \$1.3 million within the Connecticut assessment area. Although the bank did not originate or purchase any small business loans within a low-income area, four loans totaling \$703,000 were in moderate-income census tracts. While this lending reflects a good penetration in the moderate-income tracts, the low volume of loans lessens the significance of this distribution and makes a meaningful conclusion difficult.

#### ***Multifamily Lending***

The geographic distribution of multifamily loans reflects good penetration throughout the assessment area. Signature originated two multifamily loans totaling \$500,000 within the Connecticut assessment area in 2015, both of which were located within moderate-income census tracts. While this performance reflects a good penetration in the moderate-income tracts, the low volume of loans lessens the significance of this distribution and makes a meaningful conclusion difficult.

### **Borrower Profile**

The distribution of borrowers reflects poor penetration among business customers of different size. Of the eight small business loans originated or purchased by Signature within the Connecticut assessment area, seven loans were to businesses with gross annual revenues greater than \$1 million, and one loan was to a business with no reported revenue. While this reflects a poor penetration, the low volume of loans lessens the significance of this distribution and makes a meaningful conclusion difficult.

### **Community Development Lending**

The institution made an adequate level of community development loans. The bank participated in two loans totaling \$500,000 to a nonprofit organization that finances the development of affordable housing. The following are the community development loans:

- In 2015, Signature made a \$250,000 loan to a nonprofit organization that supports lending to multifamily properties. The organization's mission is to create housing opportunities for low- and moderate- income families.
- In 2015, Signature made a \$250,000 loan to a nonprofit organization that supports a program that provides downpayment assistance to qualified low- and moderate-income borrowers. The program enables low- and moderate-income borrowers to lower their mortgage payments and avoid purchasing private mortgage insurance.

### **Innovative and Flexible Lending**

Signature makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs. Signature generally offers the same products within the Connecticut assessment area as in its New York assessment area.

## **INVESTMENT TEST**

### **Investment Activity**

Signature has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that private investors do not routinely provide.

Signature had \$10 million in qualified investments within the broader statewide area that includes the bank's assessment area. In addition, the bank had \$9,000 in donations directly benefiting the assessment area.

### ***Qualified Investments***

In 2015, Signature made a \$10 million affordable housing investment in the USA Institutional Tax Credit Fund (USA 98). Signature's investment specifically helped fund the rehabilitation and new construction of a 24-unit Section 8 housing project located in Connecticut. Although the project was not inside the bank's assessment area, it was located in a county adjacent to the bank's assessment area within the broader statewide area. The evaluation counted the bank's funding as a qualified investment, as Signature has been responsive to the community development needs of its combined assessment area.

### ***Grants and Donations***

In 2015, the bank made four donations for \$9,000. Of the four donations, two supported affordable housing and two supported community service.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits adequate responsiveness to the credit and community development needs. The bank's investments and grants supported affordable housing needs and community services.

### **Community Development Initiatives**

The institution occasionally uses innovative or complex investments to support community development initiatives. The bank's investment consisted of a LIHTC, which is a complex investment.

## **SERVICE TEST**

### **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of the assessment area. Although the bank's branch office is located in an upper-income census tract, it is in relatively close proximity to several moderate-income census tracts.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Other than the establishment of the branch office in Greenwich, the bank did not have any changes in branch locations.

### **Reasonableness of Business Hours and Services**

Services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies or individuals. Signature's office is open from 8:30 AM and 4:00 PM, Monday through Friday.

### **Community Development Services**

The institution provides a limited level of community development services. While the bank did not provide any community development services in Connecticut in 2015, it contracted with Ariva to sponsor a free volunteer income tax return preparation program for the 2016 tax season similar to the service offered in New York.



## APPENDIX

### SCOPE OF EVALUATION

<b>SCOPE OF EVALUATION:</b> Examiners evaluated Signature's CRA performance in accordance with the Interagency Large Bank CRA Examination Procedures.			
<b>TIME PERIOD REVIEWED</b>	October 25, 2012 - February 8, 2016		
<b>FINANCIAL INSTITUTION</b>	<b>PRODUCTS REVIEWED</b>		
Signature Bank	Loan analysis: 1/1/2014 – 12/31/2015 (HMDA-reportable home purchase, refinance, and multifamily loans; MECAs; small business loans)  Community Development Activities: 10/25/2012 – 2/8/2016 (Community Development Loans, Qualified Investments, and Community Development Services)		
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
Signature Financial, LLC	Subsidiary		Purchased small business loans
Signature Securities Group Corporation	Subsidiary		None
Tandem CDE, Inc.	Subsidiary		None
Signature Public Funding Corp.	Subsidiary		None
Signature Preferred Capital, Inc.	Subsidiary		None

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
New York	Full-Scope	Main Office	
Connecticut	Full-Scope	None	

### SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
New York	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Connecticut	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. In addition, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.